

INTRODUCTION

Mayor Pro Tem, Council Members, City Manager, Distinguished Guests, my fellow Austinites.

“It was the **best of times**, it was the **worst of times**, it was the age of wisdom, it was the age of foolishness..., it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.”

The State of Our City gives new meaning to this passage, written by Charles Dickens in the Tale of Two Cities. We have frequently used that phrase to describe Austin; today I’ll use it differently.

Austin may be living in what folks will refer to fifty years from now as a “Golden Moment,” with so many things going so right. We are truly in a “best of times.”

One of the things that’s going right is that our success puts us in the position to actually address in real ways the challenges we face with Affordability, Mobility, and Equity.

Austin is a magical city because of our people and their strong grasp of our culture and values. It truly is a special city because we are dedicated to using the economic strength of our moment to power an almost singular focus on equity in a way unparalleled among big United States cities.

Unless, of course, state government is successful in upending our success. That threat is large and immediate and today casts a looming shadow over our city and cities across Texas.

In my forty years, our city and Texas' cities have never been so aggressively under attack by the State. We are also in a "worst of times."

First, the Best of Times. I am so proud to live in this city. I hear that all the time from so many. I'm proud we're dedicated to doing something about our challenges. I'm proud that in Austin, we know we have the capacity to meet those challenges and succeed.

Today is a golden moment because the efforts of so many that have come before join with the work we have done more recently and with both, we are positioned in ways never before presented to finally take grand and wondrous strides where action is most needed.

Everybody supports change until things start changing. We need to be comfortable with change. We need to change to protect what's always been special about the spirit and soul of this city. Change is often hard, sometimes scary, and always disconcerting. We need to hold hands and step forward.

We need to own that Austin does change well. I've personally seen Austin change a lot over the last forty years. Even with that, the caring, creative, entrepreneurial, environmental, progressive, innovative core of the Austin I've always known is still strong. So's the music.

Economic Data

The City of Austin enjoys a robust economy with lower unemployment than the State of Texas, and the fifth lowest unemployment among metropolitan areas nationally.

Our employees earn more per hour than they did a year ago, and in 2018 Austinites earned more than three dollars more per hour than the average for Texas as a whole.

Austin's economy is succeeding for our workers, but it's also good for innovation. In 2018, 61% of all venture capital activity in the state of Texas, happened in the Austin area.

It is that sort of innovation that has developed home grown startups and attracted the largest and most sophisticated organizations to locate here. Last year we attracted major institutions like the Army Futures command and major companies such as Apple, Google, Oracle, Amazon, Indeed, Charles Schwab, PIMCO, and BAE have all announced expansions. Companies such as Zoho, Resideo, DISCO and others have located their headquarters here. Meanwhile, creative organizations such as music publisher BMI have located offices here and will give our artists new career opportunities.

Austin continues to be the safest big city in Texas and among the handful of safest cities in the country.

For the third year in a row, US News & World Report, ranks Austin as the number 1 city in the country. (By the way, Texas ranks 36th among states on that list because of a near bottom rating on providing Opportunity.) And while we're a young city, we have one of the fastest growing senior populations. Austin is ranked in the top four US cities for retirees. We're the best city for so many things, including being a top city to start a small business.

We need to celebrate all that's going so well because it positions us to be able to respond to our most serious challenges: Affordability, Mobility and Equity.

A. Updates/Agenda Setting

Your City Council and community leaders are making progress. Take a short trip outside City Hall with me to hear about what they're working on, and the big questions they are seeking to answer:

INSERT Intro/Affordability Video #1: 5:33

Affordability. There are two ways to address affordability in Austin: help make things cost less or help people earn more.

With respect to **Affordable Housing**, the whole community and your Council, with particular focused leadership from the Mayor Pro Tem Garza, and Council Members Casar, Renteria, and Tovo, has:

- Approved \$250M in Affordable housing bonds, the largest such investment in our history
- We passed the Strategic Housing Blueprint – which calls for 135,000 new units over the next 10 years with 60,000 affordable for the most economically challenged.
- We're moving forward to Unlock Affordability by making it easier and less expensive to build more affordable housing supply.
- After years of promising a "Strike Fund" to save existing workforce apartments before they gentrify, the Austin Housing Conservancy has launched and it has now acquired

three (3) large apartment properties serving 1,500 residents with an economic model unique in the world that costs taxpayers nothing.

- The Council has a consensus to re-write the land development code this year to help provide more affordable and missing middle housing.

With respect to **Homelessness**, the whole community and your Council, with particular focused leadership from Council Members Kitchen and Tovo, has:

- Adopted the Austin Action Plan to End Homelessness which delineates five critical methods to effectively end homelessness and for the first time has truly aligned the City, the County and the service providers.
- Begun to Implement the cutting-edge Pay for Success model, that will allow the region to leverage private sector financing to focus help on those experiencing chronic homelessness and among the highest cost utilizers of public services, including our jails and emergency rooms.
- In the last year, we successfully took half the children in our city that were homeless off the streets.
- And with the University of Texas design team's presentation of what a convention center expansion might mean for downtown place-making, I think we've taken a step closer to realizing the partnership between the hotel industry, the Downtown Alliance, and the City to realize the \$5 to \$10 million per year in dedicated funding to help with re-scaling and re-scoping the ARCH and assisting with permanent supportive housing

across the city, all as part of, what Council Member Tovo is proposing be called, a Palm School District.

With respect to **Affordable Childcare**, the whole community and your Council, with particular focused leadership from Mayor Pro Tem Garza has:

- The City beginning the process to remove obstacles to enabling high quality childcare to be more universally available, including removing permitting barriers.
- Provided start up costs for additional Pre-K classrooms, thus allowing school districts to leverage state funds.
- With respect to **Displacement**, the whole community and your Council, with everybody's leadership:
 - We have a displacement plan to address our community's immediate needs. City staff has developed this action plan from the over 300 recommendations on displacement offered by the Anti-Displacement Task Force, *Uprooted*, the People's Plan, the Mayor's Task Force on Institutional Racism, the Fair Housing Action Plan, and Austin's Plan to End Homelessness. Implementation is already underway.
 - We're also pursuing and will soon be piloting a "Right to Return / Right to Remain" policy that would provide additional opportunities for individuals with generational ties to neighborhoods experiencing rapid gentrification and displacement to remain in or return to their neighborhoods.

- With respect to **Affordability for our Creatives and Musicians**, the whole community and your Council, with particular focused leadership as shown in the Music Omnibus Resolutions and also from Council Member Kitchen:
 - We're beginning the process to allocate the \$12M Bond to acquire or preserve creative spaces.
 - We're increasing affordable housing units, with some targeted for artists.
 - We funded the Creative Space Assistance Program to help displaced creative organizations.
 - We successfully conducted the Red River extended hours pilot which increased venue revenues by extending club hours while calibrating their sound to be good neighbors, a model for the upcoming sound compatibility efforts.

Earn More. We also address affordability by helping people earn more.

- County Judge Eckhardt and I launched the **Workforce Master Plan** and it's adoption, by both the City and Travis County, is focused on moving ten thousand of our neighbors out of poverty
 - We'll getting people the training they need for middle skills jobs
 - Make it easier by providing support services like child care and counseling
 - And do better regional coordination.

Mobility.

Despite all that work, we'll never meaningfully address affordability without also addressing transportation. Let's hear from a few of my many colleagues tackling mobility.

Insert Video#2: Mobility

- With respect to **Mobility**, the whole community and your Council, with particular focused leadership from Council Members Kitchen, Flannigan, Alter, and Ellis on CAMPO, and Council Members Renteria, Garza and Kitchen on CapMetro): has:
 - Adopted Austin's Strategic Mobility Plan, looking at mobility over the next 20 to 40 years.

Today, 74% of people commute to work alone in a car. When our population doubles in the next 20 years or so, with road infra-structure only able to expand by about 15%, if we still have that percentage of people driving alone on our roads during rush hour, no one will be able to move.

That means we need to give people choices, alternatives that are faster, safer, less expensive and easier so that folks could decide not to drive alone.

To that end, the Strategic Plan outlines a path to moving from 74% to 50% by the year 2039. If we do that, we can avoid a future where congestion gets worse.

- **2016 Bond update.** Two years ago, the voters approved the \$720 million Transportation Bond and the work is moving forward with 100 projects already constructed to improve mobility, safety and connectivity. It's on time, on budget.
 - (1) We've reconstructed intersections and are saving lives.
 - (2) We've planted over 60 sidewalk projects and safe routes to schools.
 - (3) We've leveraged over \$200 million in State money to help with projects like removing stop lights on Loop 360 and work on Anderson Mill and Parmer Lane
- **Project Connect** Perhaps the most exciting, and transformative for our city, is the Project Connect Vision for a complete regional system of reliable and frequent, public transit with congestion-proof services that operates in part on dedicated lanes, free from other traffic.
 - (1) This community should study the plan this year, make sure it's right, and then demand an election in November, 2020, the same day as the next Presidential election, to finally implement a regional transit plan in our city.
 - (2) Imagine a dedicated lane taking transit from up north out Lamar all the way south, across the river, down Congress Avenue to the city line? And from the airport, down Riverside, and then across the river traveling north through the UT campus and up to ACC at Highland Mall...

(3) And with the goal to not lose any car lanes, if we can, maybe doing things like tunneling under the drag and moving cars under that stretch of Guadalupe. And providing Transit Priority on many other corridors.

(4) We need to think big. We need to get this done. Truly transformative.

Equity:

Austin, I believe more than any city in the country, is committed to looking at everything we do with an **Equity lens** and doing everything we can to give everyone in our city the opportunity to succeed. Here are a few of my colleagues and community heroes, including your Council Members Harper-Madison, Garza, and Renteria, who are asking crucial questions, in the pursuit of justice:

[Play Equity Video#3: 3:25]

Race issues remain our most significant equity challenge and we have begun to really address the institutional racism that exists in our community. There is not justification for having the ten-year differential in life expectancy that exists in Austin depending on whether you live on the east or west side of town.

- The city's Equity Office is implementing its Equity Tool, department by department, to make sure we live up to our commitment.
- By June of this year, 1,500 leaders and connectors in the community will have completed racial bias and equity training (Beyond Diversity), pursuant to the

Mayor's Task Force on Institutional Racism & Systemic Inequities

recommendation. We thank Leadership Austin for its work in this regard.

- We remain a geographically segregated city. The next time you are in a restaurant, look around and notice how diversified are the folks inside. We need to find new opportunities for our community to gather, across race, ethnicity and geography. I'm excited that we're moving forward with the major league soccer team because that will bring us together in a way that doesn't happen now.

There are **other Equity issues**, too. We have become a "Fast Track City," on the path to ending HIV by 2030. Which means "Zero new AIDS cases. Zero new HIV infections. Zero HIV related deaths by 2030."

- Currently, we still experience 250 new cases of HIV a year, with men of color accounting for 47% of those cases

This year, with the leadership of Council Member Alter, and the support of Chief Manley and District Attorney Moore, we're moving forward to make sure that Sexual Assault is reported, investigated, and prosecuted.

- That means that victims will participate in the process because it won't victimize them again, evidence will be processed, and law enforcement and prosecutors will get the support they need to keep us safe

Because there is no equitable or sustainable future without addressing the threat to our environment, Austin is fighting hard to mitigate climate change, with the leadership of your Council, particularly Council Member Leslie Pool.

- from investing heavily in wind and solar energy production....
- to approving a 100-year strategic water plan....
- Austin is a world leader on combatting climate change.

SUMMARY.

Rather than looking at our challenges as the inevitable outcome of our success, our success provides us the tools to meet those challenges.

We can, should and must:

- house homeless youth in our community,
- build more affordable housing
- continue to march towards the climate commitments we made in Paris
- exhaust every legal tool available to prevent displacement
- raise all boats with job training
- make available to working families access to high quality childcare
- build the infrastructure and services necessary for people to move around our city with safe, quick and affordable choices, and
- ensure dignity and opportunity for the workers who build this city

We've worked for years on these issues and never have we been so poised to act in big ways. All at the same time, we're about to take huge steps with:

- New Land Development Code
- New Public Transit System
- New Convention Center Expansion
- New Regional Plan for Workforce Training
- Thousands attending Race Training
- With money now in hand, re-doing our most trafficked activity corridors
- With money now in hand, a billion-dollar affordable housing investment
(leveraging bond monies)

Worst of Times.

With so much going right, with the opportunity and the moment finally to take big steps to address our most significant challenges, **why are we also in the Worst of Times?**

As I survey the obstacles and dangers that lay before us, that could disrupt the realization of all that this city could be, the largest and most immediate threat we face is a state government that would seek to change who we are... that would seek to snuff out the very culture that make this place so special... that would seek to undermine the very values that lay at the heart of our success. The State has Declared War against its cities and we must be prepared to defend ourselves as best we can.

Because, as it turns out, you don't have to make it all the way to the border to witness a manufactured crisis.

You would think that with Texas cities, especially Austin, doing so well, helping the Texas economy by being an incubator of innovation and an important economic engine, our State leaders and the legislature would be encouraging us to keep doing what we're doing... At the very least, not stepping in to change things...

But, no. The state legislators is considering a 2.5% or 3.5% property tax "revenue cap" proposal, House and Senate Bills 2, that limit what cities can raise in property taxes to fund city services. It does this without providing any real tax relief.

I want to be clear that we all share the legislature's desire for true property tax reform. But property taxes can only be lowered by fixing the school finance system. Seventy-Two Percent of the total property tax increases in Austin over the last five years have been just for school taxes. Our cities are only a small fraction of everyone's tax bill and an even smaller part of your overall property tax increases.

Since cities are not the problem, limiting city property taxes with HB2 and SB2 provide no real relief. What these bills do, however, is make it impossible for cities and counties to maintain even existing services. If we keep our current budget and not add a single person or new program not inherent in that existing budget, increases for inflation and normal cost drivers, alone, can't be covered in future years. We can't cover increases in health coverage

for our employees, standard wage increases, inflation, or even the increasing rents where the city leases offices.

A 2.5% cap would cause an annual budget deficit of \$51.7 million in three years and at 3.5% it would be over \$35 million. Again, \$51.7 million and over \$35 million. People are not telling you the truth when they tell you that these bills would not require budget cuts to existing budgets.

And for what? Incredibly, because the justification for these proposals is tax relief, know that the bills result in a tax savings for the typical Austin homeowner of only \$2.70/month or \$1.80/month, respectively in the two bills.

Yes, we get new money for new growth, but that revenue will barely pay for that growth itself. Make no mistake about it, we will be cutting budgets.

How and where are we going to cut over \$50 million, or \$35 million, out of our budget?

The reality is, because we spend about two-thirds of our general fund budget on public safety, it will be impossible to make the cuts required of HB2 and SB2 without impacting public safety. All parts of our budget are going to have to suffer cuts.

We could save about \$12 million if we stop paying the payments we agreed to pay to companies if they would come to our city and create new jobs. They've created the jobs, but our commitment, pursuant to the State Constitution, is conditional year to year. I've fought hard to make sure that the city makes good on this obligation in past years because we gave our word and we shouldn't change the rules in the middle of the game. I feel that way. But

some will say the State will be changing the rules with HB2 and SB2 and there will be calls for cutting this expenditure before cutting funds for things like affordable housing.

We could cut about \$3 million out of our existing budget if we wanted to stop devoting property taxes from formerly state-owned buildings to affordable housing.

The Manager committed to increasing our police force by 30 new officers a year to enable us to staff more community policing but that's a new program and would cost us about \$13 million per year. If these caps get passed, we won't be focusing on new programs, we'll be struggling with cutting existing ones.

We have Austinites paying more for their home insurance because of slower fire response times. To address this, we have planned to build 5 new fire stations, which are long overdue and something we must do. But we can't afford to staff them under this legislative cap.

State leaders often talk proudly about the people and companies moving to Austin. Everyone from technology giants, to music publishers to the US Army wants to be in this city. They want to be here because of what we do with health care, crime rates, commute times and how well residents fare physically, socially and financially.

We are the best American city to live in, not in spite of our investments in public health, public safety, libraries and parks. We are the best place to live in America because of them. We put our money where our values are, and the result is one of the safest and most prosperous cities in the state, in the country, and in the world.

If the legislature insists on imposing property tax caps, it should provide exemptions for public safety, roads, and other basic priorities shared by the state and cities. HB2 and SB2 have no such exclusions. The Senate just voted them down, as did the House committee.

To negate the damage that caps cause, the proposals would require Texans to head to the polls year after year, jurisdiction-by-jurisdiction, just to protect public safety and basic needs. Such annual elections will cost millions and create tremendous uncertainty. They undermine our credit rating by making it impossible to make long-term commitments.

Spending decisions are best made by the folks closest to the facts — and to the consequences. As local elected officials, we know firsthand where people experiencing homelessness are gathering, which roads need repair, where new fire stations and parks are needed, and which police units are understaffed.

HB2 and SB2 would cost us millions and save us pennies. The proposed cap artificially and unnecessarily creates a crisis, especially without exemptions for public safety and other necessities, for priorities shared by the state.

I hope the Governor, the Speaker and the legislature will change or modify this direction.

The truth is, it's hard to understand why there is such an assault on cities that are doing their best to be strong components of the Texas economy.

I think it's politics, untethered from sound public policy. Shouldn't we be concerned, as a city, when our Governor drives up to Waco and gives a speech and says:

"...I got to tell you, it's great to be out of the People's Republic of Austin. Once you cross the Travis County line, it starts smelling different. And you know what that fragrance is? Freedom. It's the smell of freedom that does not exist in Austin, Texas."

That is not true, Sir. In Austin we value Freedom. To express ourselves. To be free from crime. To find work. To be safe. To take of our neighbors. To decide what's best for our community. Freedom is what Austin is all about.

Our Lt. Governor a little over a year ago and said: "Our cities are still controlled by Democrats. And where do we have all our problems in America? Not at the state level run by Republicans, but in our cities that are mostly controlled by Democrat mayors and Democrat city council men and women. That's where you see liberal policies. That's where you see high taxes. That's where you see street crime."

That's not true, Sir. Austin is the safest big city in Texas and among the safest in the entire country. Seventy-two percent of the increase in property taxes we pay in Austin is not because of cities, but rather solely for school tax increases because the state's finance system effectively won't let school districts lower their rates when property values increase, like the city and county do. I don't understand why you want to cap city property tax revenue at 2.5%, while your Senate just passed a State budget proposal with a 7% increase.

Speaker Bonnen was frustrated last session when cities and counties wouldn't agree to support budget caps the they felt would do harm and not afford any real property tax relief. Mr. Speaker, for two months this session, 25 to 30 mayors convened each week, with most all the largest cities represented, to be responsive to the questions from the House Committee. We spent hours and hours trying to help clarify alternatives. All our input was rejected.

It looks like the legislature this session will stop cities from being able to collect part of the fees we have been collecting from cable companies for years. Just because the companies asked. It will cost our city about \$6 million. (Houston \$27 million.) Why such a give-away?

It looks like the legislature this session will end Austin's ability to get parental and sick leave for our workers and making us suffer the resulting health and community impacts, take away our fair chance hiring practices intended to give everyone in our city a better chance to find a job, and take away our ordinance mandating water breaks for construction workers.

And even take away our ordinance that prohibits discrimination based on protected classes such as those for the LGBTQ community.

Not to mention the legislature is considering ending our ordinances on short term rentals, as well as our ability to enforce the SOS ordinance in much of the land in the SW where those protections are most needed.

In a supreme act of hypocrisy, the Senate just passed a bill that would stop cities from lobbying the state the same way that our state pays folks to lobby the federal government in DC. Even if you don't always like what we say, you shouldn't try to silence our voice.

The state has been nibbling for a long time at stopping local control at the truly local level. But this year, with the property tax cap, it's become a much more significant assault. The State may have most all the power. But there's any even greater power that we each have individually. As cities decide their budgets in September of 2020 to comply with a property tax cap, we will all be looking to see if there are really budgets cuts being made. We'll all be really looking to see if there is real property tax relief being realized. The voters ultimately have all the power and they'll decide.

We continue to hope that the state leadership and the legislature will provide real protections for public safety, economic development, roads and other priorities cities share with the state as part of the final version of HB2 and SB2. And we'll stay at the table to try. At the very least, please give voters the option of setting their local tax cap with an election, once an for all. Not a yearly ballot that hurts our credit rating and prevents us from entering into any long term contracts, but an up or down vote so each city can decide for itself.

Everyone should know our Senators and our House Delegation are working hard and we're thankful, especially to Senator Watson and Representatives Rodriguez and Cole who are on the House Ways and Means Committee.

CLOSING:

We live today in the **best of times**, and the **worst of times**. Austin is doing so well and we are poised to do great and big things. And it breaks my heart that the largest, looming risk we face is our own State government. It a self-imposed and manufactured threat.

Know that in this magical special city, we will always be Austin – a city that is welcoming, kind, supportive, creative, entrepreneurial, innovative, cutting edge and weird. Sometimes that will take more work than at other times.

We have the tools and most importantly, we have the people who have self-selected to live in a city with our values and our culture.

Ultimately, we will prevail because we will remain true to being Austin.

Thank you.